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ABSTRACT

Beginning with a conceptual introduction focusing on the nature of entrepreneurship, this issue offers four instructional units for preschool through sixth grade students. Beginning with the preschool and kindergarten unit called "Early Entrepreneurs," young students are introduced to a collection of activities, including creating a new toy and starting an imaginary business. In the first and second grade unit, students investigate inventions such as buttons and pencil erasers, employ creative thinking during a math lesson, and build self-esteem through sharing activities. "Planning for Success," the unit for third and fourth grade, encourages creative thinking and asks students to conduct a consumer survey and to manufacture a product based on consumer desires. The last unit, called "Enterprising Eagles," involves fifth and sixth grade students in creating a school-wide business. The unit begins with brainstorming potential needs and ends with the promoting and selling of a product. (JDH)

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Entrepreneurship

Elementary Economist

Calvin A. Kent; and Others

1985

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THEME OF THIS ISSUE

COMPETITION IN THE MARKETPLACE

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NFIB

Through a special offer of the National Federation of Independent Business Research and Education Foundation, the NCEEC is able to provide readers with another issue of *The Elementary Economist* and a unique teacher's guide.

The enclosed elementary teacher's guide, developed by NCEEC for NFIB, accompanies NFIB's new poster entitled "What's the Difference?" This vivid poster compares the standard of living in five major cities — Washington, D.C., Moscow, London, Paris and Munich — by presenting the approximate worktime required to buy certain commodities. To obtain the ***"What's the Difference?"*** poster, complete the coupon and mail to: ***"What's the Difference?", NFIB Education Department, 150 W. 20th Avenue, San Mateo, CA 94403.***

Please send me the *"What's the Difference?"* poster. ☐

Name (Please print/type): _____

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Center News

What's the Difference?

Teacher's Guide Developed

The National Federation of Independent Business Research and Education Foundation enlisted NCEEC to prepare an elementary teacher's guide to accompany its new "What's the Difference?" poster. This poster compares the standard of living in five major cities — Washington, D.C., Moscow, London, Paris and Munich. The comparison is made by presenting the approximate worktime required for the average manufacturing employee to buy certain commodities. For example, the average person in Washington, D.C. must work six minutes to earn enough to buy one liter of milk. In Moscow, the same purchase necessitates twenty-two minutes of work. The worktime equivalents provide concrete comparisons of costs of living and standards of living in these cities.

The teachers' guide, prepared by Drs. Robert W. Reinke, NCEEC President and Loismay C. Abeles, NCEEC Program Director, provides primary and intermediate teachers with stated objectives and activity descriptions. These activities enable teachers to integrate the "What's the Difference" poster and related economic concepts into the elementary classroom. For example, pupils are given the opportunity to "go shopping" around the world, prepare dinner in various countries as well as experience a command and a market allocation system.

The colorful "What's the Difference?" poster and accompanying elementary teacher's guide may be obtained by writing to:

"What's the Difference?"
NFIB Education Department
150 W. 20th Avenue
San Mateo, California 94403

M-6

Striving for Excellence Winners

The Collegiate Schools of Richmond, Virginia were proud to honor these four medal winners for striving for excellence: Melissa Tisnado, Tovi Carina Laughon, Alton David Fonville, III, and Robert Franklin Brooks, Jr.

Michael Roberts of Heritage Hill Elementary School in Cincinnati poses proudly with his teacher, Gail Adams Arnold, after receiving a bronze medal for excellence in academics.

NFIB Writing Award

This past year, the National Federation of Independent Business Research and Education Foundation sponsored a writing award for authors of The Elementary Economist. *The $500 award was won by Ginny Clark of Iowa City Community School District for her article on government in the community. Presenting the award is Dave Brasher of the NFIB in Des Moines; on the left is Dr. David Cronin, School District Superintendent.*

Competition in the Marketplace

by Dr. Mark C. Schug

Dr. Schug is an Associate Professor of Education at the University of Wisconsin-Milwaukee. He taught in two public school districts for eight years and currently teaches courses in social studies methods and economics education. His articles on economics education have been published in numerous national journals.

WHY STUDY COMPETITION?

Adults and children experience competition everyday. Playing football after school with a few friends, running for student council, interviewing for a job and selling magazine subscriptions to raise money for the local PTA are all ways we experience competition. Children learn about competition at a young age and live with it the rest of their lives.

In economics education, we are interested in helping young people understand how competition in the marketplace influences them and how they influence competition in the marketplace. Understanding competition can help young people make sense of their world. For example, why does a successful professional baseball player earn considerably more income than a Nobel Prize winning chemist? Why is the overall price and quality of goods enhanced when an individual firm which employs several people is forced to close its doors? The important point is that the level of competition in the marketplace has a lot to do with how we live our lives, how much we earn and how much we pay for goods and services.

WHAT IS A COMPETITIVE MARKET?

There are several characteristics that help define a competitive market. I will focus on four. The first has to do with the number of people in the marketplace. A competitive market has many buyers and sellers. A common example is the wheat market. There are more than one million producers around the world. Not one of these farmers can control the price of their product. If all the wheat farmers in Saskatchewan decide to withhold their wheat from the market, there would be virtually no change in the price of wheat. Wheat farmers in other provinces and states as well as other nations would more than make up the difference.

On the other hand, we all participate in markets with only a few producers. The best examples are probably in sports and entertainment. A rock superstar like Michael Jackson can almost name his own price. He holds a monopoly on his own special talent. The DeBeers Consolidated Mines of South Africa, which owns most of the world's diamond mines, is another example of a market with one primary producer. Still other markets are characterized by only a few main producers such as soft drinks and automobiles.

Closely related to the number of producers in a market is the cost of starting up a new business. Some enterprises, like a neighborhood lemonade stand or a barber shop, are relatively easy to begin. Other activities, like manufacturing automobiles or generating electricity, are very expensive to start. It would be very difficult for any individual or small group of people to amass the money and expertise to organize businesses such as these. A competitive market, on the other hand, is one where the entry and exit of firms is relatively easy.

A third characteristic of a competitive market is that producers make identical products. Aspirin, which is defined by a chemical formula, is an example of an identical product. If products in a market are standard, then it is easy for consumers to substitute one product for another. If the price of one brand of cane sugar goes up, it is easy to substitute another brand. Deciding on the degree of meaningful difference between products which appear similar is an issue all young people as consumers have to face. Is a quarter pound burger from one fast food restaurant about the same as from another? Fast food connoisseurs in your class may have different, more finely tuned tastes when compared to the typical fast food consumer. In the business world, firms often use advertising to emphasize differences between their products. Young people as consumers have to decide the degree to which the same types of products are really distinguishable. If consumers perceive strong difference they may decide to buy a particular brand even though the price is substantially higher. Substituting one product or service for another, in this case, would not produce equal satisfaction.

The last characteristic of a competitive market has to do with the independence of the producers and buyers. The restaurant owners in a small Minnesota town meet over a cup of coffee and decide how much they should charge for beverages. The oil ministers of OPEC convene in Geneva to decide the price to charge for a barrel of oil. The members of a local union get together to decide on their demands for hourly wages and vacation time. These groups are cooperating in order to improve their particular economic situation. The degree to which they are successful limits the amount of competition in their particular market.

(continued on back page)

Choosing Competitors

by Dorothy Somers

Dorothy Somers has been teaching kindergarten at Franklin School in Redlands, California for five years. She has also been a junior college, secondary school, and Parent Education teacher. Dorothy earned a Master's degree in Early Childhood Education at the University of Redlands.

Competition in the Marketplace

Everyday, children go to the market with their parents, wondering why there are so many kinds of the same product to buy, and why their parents decide to buy one rather than another.

Young children watch television and see the different kinds of foods, toys, clothes and vitamins advertised. They see signs, billboards and labels. They hear commercials on the radio telling them to buy one kind of product instead of another. Retail stores also compete by adding bonus items or rebates, by making their store attractive, and by treating their customers nicely.

Helping children understand the forces of competition in today's marketplace aids them in becoming knowledgeable consumers. In addition, a knowledge of competition provides an opportunity for young children to understand behavior — their own and others.

Student Goals

1. To help children understand that competition exists in their lives and that it encourages people to behave in particular ways.
2. Realize that competition encourages people and businesses to work faster, think up new ideas, make prices lower, and make products better.
3. Help children understand that advertising is one way that companies compete and that it influences our choices.
4. Aid children in their ability to judge advertisements and commercials so they may make satisfying choices.

Teaching Activities

I. Color Competition

color-name recognition • focusing attention

Competition is present in the kindergarten classroom in individual's and in group behavior. Demonstrate to the children how competition affects their behavior by conducting a classroom game. Explain to them that you are going to play a game to see who can recognize the names of the three primary colors — red, blue and yellow. They will have to pay attention to notice when the *name* of the color square that they are holding is presented by the teacher.

A. Distribute a construction paper square of one of the primary colors to each child. Have an equal number of each color distributed. The purpose of the game in *Round One* is for the child to stand up when a flashcard with the name of the color he/she is holding is presented by the teacher. Children who do not stand up when their color is presented, or stand up for the wrong color are out of the game. Tell the class that the winner (the last game participant remaining) will receive a prize (selected by the teacher). Note: Depending on the class' ability, additional colors and names may be added.

After the game is over, the winner selected, and the prize awarded, discuss the children's behavior: Did they try hard to pay attention? Why did they want to participate in the game?

B. In *Round Two*, the class will be divided into three groups or teams, to give the children the opportunity to compete more as team members than as individuals. Randomly distribute to the members of each group all the colors of construction paper represented. Tell each group that each person on their team must stand up and give the teacher his/her color square when the teacher holds up the flash card showing that color's name. Explain to the children that the members of each group may work together to help each other. The group that gives away all its color cards first wins a prize (perhaps extra recess time, play a new game).

To conclude, explain to the children that these color games were *competitions* because they were doing their best and trying very hard in order to win. Discuss how they competed individually in Round One, then how they cooperated within their groups to win in Round Two. Ask: "Did they behave differently? Which did they enjoy more? Why?" Did they improve in the second round?

II. Competition and Behavior

language • social behavior • concept building

Children can be helped to realize that competition exists in their lives, other than in games and contests, and that it may affect the way they behave. Discuss competition as it applies to the children's environment, i.e., home and school. We compete for the use of time or to obtain things we want. "If you finish your work, you may go out and play." "If you eat your dinner, you may have dessert." Children compete for the teacher's attention and want to be chosen to help. They run faster so they can be first in line. They try to improve their skills to produce a better paper or art

PARENT CORNER: *When shopping for toys or games with your child discuss the factors you consider when making a purchase — durability, price, safety, and educational value.*

project than done previously.

Discuss why some children are chosen to help, or to work and play with other children. Role play how some children might change their behavior so they could be selected to participate in more activities, e.g., sit quietly, listen carefully, follow directions, run faster when the bell is rung, be friendly to others, or practice improving their own skills.

III. Shopping Choices

dramatic play • language • vocabulary

Children can learn that competition exists in the marketplace. Explain that businesses try to improve their products and sell them to us by using commercials on television and by advertising in magazines and newspapers. They *compete* with each other to get us to buy their products. Real aloud, *The Shopping Book* published by Golden Press about the things we need and want to buy. Role play going to the store and buying some of these things. Have the children make choices between similar products. Ask them to give the reasons for their choices, which they like best, and why.

IV. Toymakers Compete

math • social studies

Make plans for a field trip to visit a toy store. Ask the children what kinds of toys they will expect to see there. Divide the class into three groups — dolls, cars, and teddy bears — with an adult in charge of each. The adult will write down brand names, prices and special features that determine the quality and desirability of different toys. Back in class, discuss the different brands and their features.

The children will discover that one store sells many brands of the same kind of toy. But the toys have different qualities and prices. Explain, using the Cabbage Patch doll as an example: "One person made a doll that other people wanted to buy. The Cabbage Patch doll business grew and grew. So, another businessperson decided to make similar dolls but with some new features. The second business competed with the first, but to do this, the second business needed to advertise more, find a way to make their doll less expensive, or better."

Toy	Brand	Features	Price

V. Ads Sell Toys

language arts • social studies

Children can be made aware that advertising is an important element of competition in the marketplace. Ask parents to cooperate in sending in an advertisement for a toy from a magazine or newspaper. Display the ads and explain to the children that advertising helps their mommies and daddies know where to go to buy the toys (products) that they want for the best price. Ads also help manufacturers inform people about their products. Ask the children: "How do we know what the toy will be like?" (the words and pictures) "Where else do you see ads?" (TV, movies) Explain that ads try to get us to buy things.

Choices	Size	Quality	Price
			$
$40			
$25			
$15			

VI. Choosing Among Competitors

critical thinking • decision making

Make a decision grid using the ads that the children have brought to school. Explain that the chart will help them decide how they would spend their money if they were shoppers. In a column marked "Choices," have the children paste the ads (with the prices) of the different toys. (Try to include toys that are similar, but that differ in quality, size, etc.) Read the price of each toy and the words describing it. Ask the children, "Why do you think the toy would be fun to play with? Do you think your friends would like to share it when they visit you? Why do you think it would be a good toy to buy?" Decide what criteria the children will use in deciding which toys they would buy (such as size, quality, i.e., made well, won't break, and price.) Label the columns with the criteria chosen. Give the children "happy" or "sad" faces to place in each column to show how the toy meets the criterion.

The Funny Putty Factory

by Allison C. Gilmore

Allison Gilmore is currently working on a doctorate in elementary education at the University of Southern Mississippi, where she's a graduate assistant in the Department of Curriculum and Instruction. Formerly a teacher of the lower elementary grades, Allison presently teaches an elementary social studies methods course and is the assistant to the director of the Center for Economic Education.

Competition in the Marketplace

Children experience competition in a variety of ways before entering school. They may compete for the attention of parents, other adults, or for the role of leader in a peer group. This competitiveness is a natural result of a young child's egocentric view of life. When a child enters school, the competitive spirit may be enhanced by the desire for good papers, for "gold stars," or for position at the head of a line on the playground. The emphasis on rewards in our schools encourages a conscious competitiveness among even very young students. Children should be encouraged to do their best, not simply to receive rewards, but because doing a good job fosters positive feelings, which, in turn help them learn and do more. Children are rewarded by recognition from parents, teachers, and sometimes peers. Children do compete in the classroom, and, naturally, in games, sports and contests.

In an ideal elementary classroom, as in an ideal free enterprise system, competition should occur in an orderly atmosphere — one in which people work to achieve their goals with high ideals, fair play and honesty. Under these conditions, a classroom can represent a microcosm of our economic system and demonstrate how free enterprise encourages and rewards competition in the marketplace.

Student Goals

1. Understand the role of competition in their daily activities.
2. Develop an appreciation for our economic system which allows and encourages competition between companies.
3. Be able to identify several ways in which businesses compete for customers.
4. Understand that advertising is evidence of competition.

Teaching Activities

I. What is Competition?

verbal communication • vocabulary

Show the class a picture of two children playing a game. Ask the class: "Do you play games at home? What kind of games? Why do you play?" (It's fun; like to share their things; enjoy winning) "How do you win?" (try to play, or do, their best). Ask the children to give you examples of how they try to play their best at a game they like; such as pick-up-sticks, memory, checkers, tic-tac-toe. Conclude, "Sometimes we do our best, and we win." Ask, "But, can we *always* win?" (No, sometimes we do our best, and we still may not win at a game.) "Is winning the important thing in playing a game?" (No; enjoyment, fun, improving your skills, learning from each other.)

Show the class a picture of two adults or children running in a race. Ask the class: "Have you ever been in a race? What kind? Do you race each other in gym class? Do you like to race? Why?" (Some children do not enjoy competing in races, or they may not like to lose. Others may like to race because they like the feeling they get when they win, when they try hard, or win a prize or award.)

Explain to the class, "When you take part in a race or game and try to do your best to win, then you are *competing*. A race can be called a *competition*. When teams play to win, that is a *competition*." Ask the children if they can think of any well-known competitions. (Olympics, Miss America Contest, Super Bowl Game)

Post the pictures on a bulletin board or felt board to show the relationship of these forms of competition to competition in business (next activity).

II. The Race is On!

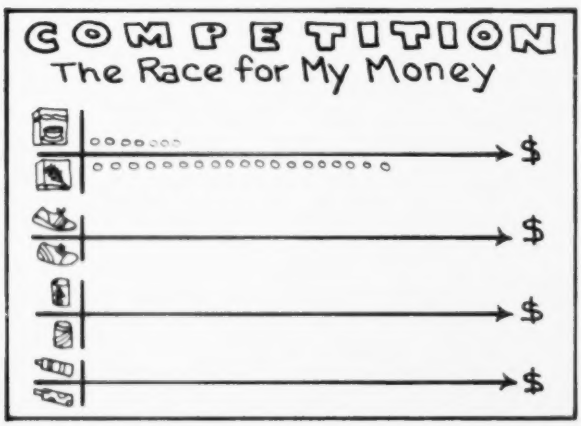
decision making • concept building

From magazines or newspapers, bring to class advertisements of two products that are very similar, such as Pepsi/Coke, Nike running shoe/Adidas running shoe, Aim toothpaste/Crest toothpaste, Kellogg's Rice Krispies/General Mills' Cheerios. Tack them on a felt board or bulletin board in pairs, as if each pair were on the starting line of a racetrack. (See illustration below.) Draw lines or use yarn for the racetrack.

Ask the class to look at the bulletin board of ads. Review the discussion about why we play games and compete in races, and how sometimes competition can help us to try harder or to improve our skills. Ask the

PARENT CORNER: *Point out to your children that a careful consumer does not buy a product on the basis of advertising claims alone.*

class: "Did you know that Pepsi Cola Company is in a race against the Coca Cola Company?. . . . that Kellogg's Rice Krispies is in a race against General Mills' Cheerios?" (The children may find this wording comical.) Explain that these companies are *competing*. Each company tries to make their product the best, so that people will buy *it*, rather than the other product.



Tell the class that they are going to pretend that they are at the store and they have the opportunity to decide which of the two products they would buy. Give each child circles of felt, or gummed gold stars, etc. (One for each set of products on the board.) Tell the class that each of them will place one circle/star next to the product they would buy or choose in each race. Then they will see whether "Pepsi" or "Coke", (etc.) has won the race for their money. After the children have made their choice for each race, conclude with the class, "We have decided in *this* class, who is winning the competition between each of these products."

III. How Competition Helps the Consumer
critical thinking • art • creativity

This activity will help students understand that competition helps the consumer. It requires an understanding of *competition* in business (trying to be better than the competitor to attract customers) and *consumer* (someone who purchases goods or services).

Create a display of ads for familiar products which have undergone changes or improvements. The ads should be for a variety of consumer goods which the students or their families have purchased. (For example: cooking oil, which is now better because it is lower in cholesterol; cookies, which now taste like "homemade;" cars, which now get better gasoline mileage; breakfast cereals which have more vitamins.) Point out that the improvements were made as a way of competing for customers or for the consumer's money. Explain that businesses compete in a number of ways such as *making the product better, lowering the price, packaging the product more attractively,* or *giving the customer a bonus* (such as a prize in a cereal box). Give specific and familiar examples of each method of competing.

Provide magazines or newspapers in which students can find ads for products that they have used before, such as toothpaste, cereal, or soft drinks. (This could be a home assignment done with parents.) Have the students suggest ways in which the familiar products could be improved so that more people might buy them. Encourage realistic, as well as creative and imaginative improvements. Instruct the students to select one of their ideas and to draw a picture to illustrate the "new and improved" product. Point out that these pictures are similar to the ads used by businesses to attract customers. Display the ads on a bulletin board under the caption: "Competition Helps Consumers Get Better Products."

IV. The "Funny Putty" Factory
fine motor skills • discussion skills • math

The class will represent a business which manufactures "funny putty," a new product which is similar to a product already on the market. In order for the business to attract customers, the new product must be *better* in some way than the competitor's product.

Prepare a small sample of the funny putty by mixing equal parts of liquid starch and white glue in a small bowl. Stir until the mixture thickens. Allow children to take turns kneading the mixture with their hands until it is smooth and pliable. Demonstrate how the putty can be stretched and shaped in a variety of ways. Divide the students into small groups. Provide materials for each group to prepare a batch of funny putty. When the funny putty has been prepared and tested ask the following:

1. Do you think children would buy this product? Why? Why not?
2. How much should it cost? What should the price be? (Discuss the cost of ingredients and packaging as well as the cost of the competitor's product.)
3. What are some things we could do to encourage children to want to buy *our* product? (Elicit responses such as lower the price, add a surprise to the package, use a better package, use words such as "fantastic" or "better" to describe it.)

Why Do We Buy?

by Cindi Gahris

Cindi Gahris is currently an elementary specialist for the Upper Valley Career Education Program in Piqua, Ohio. She is a former intermediate teacher and a regional winner in an Ohio Council of Economic Education competition. She is also the author of Good Apple and Career Education.

Competition in the Marketplace

When the baby boom generation grew to school age back in the 50s and early 60s, producers suddenly realized that there was a goldmine in competing for these young consumers' business. Since that time, the competitive methods used to attract children's buying power have become much more evident. Remember buying that box of Cracker Jacks not because you were crazy about the taste, but more to see what your prize might be? And how many of us are still tempted to clip coupons to save 25¢ on a product we otherwise would probably not buy?

Children face these same temptations daily and are constantly bombarded by TV advertising and store displays to buy a particular product because it's better, cheaper, or offers something more. By helping students understand *how* producers keenly compete for their business, we will be helping them make wiser consumer choices for life.

Student Goals

1. Recognize that producers compete for consumers' (including students') business.
2. Understand that the competitive methods used by producers influence consumers' choices.
3. Know the methods producers use to compete.
4. Realize that producers research the market to determine the most effective competitive method to use for a particular product.
5. Competition causes product information to be made available to consumers.

Teaching Activities

I. Why Do You Buy?

following directions • language arts

This activity will introduce students to the concept that producers use a variety of techniques to compete for their business. By increasing this awareness, students may learn to make wise consumer decisions.

Ask students to complete a survey indicating their reasons for buying particular brands of cereal, jeans, bubble gum, and athletic shoes. Make certain students understand that you are looking for their personal reasons. You may want to have students brainstorm a variety of reasons and then develop the survey format based on their brainstorming, or, you may simply distribute a survey similar to the one that follows.

Were their reasons the same for buying all products? Were any of these decisions made for them by someone else? (For example: Mom and Dad decide which cereal to buy because they do the shopping).

MARK AN X UNDER EACH PRODUCT ON THE LINE WHICH SHOWS WHY YOU BUY IT.	FILL IN THE NAME OF THE BRAND YOU MOST OFTEN BUY ON THE LINES BELOW			
	CEREAL	GUM	JEANS	ATHLETIC SHOE
1. I LIKE THE TASTE.				
2. IT IS SUGARLESS.				
3. IT HAS A SPECIAL OFFER.				
4. IT WAS ON SALE.				
5. IT WAS A BETTER BUY.				
6. THEY WEAR LONGER.				
7. IT WAS ADVERTISED ON TV.				
8. EVERYBODY BUYS THESE.				
9. I LIKE THE STYLE.				
10.				
(WRITE YOUR OWN REASON)				

II. Sharing the Results

math • graphing

By making a classroom compilation of the results of the survey, students will be able to identify *some* of the methods producers use effectively to compete for their business. They will begin to realize that even though they may make a consumer decision, producers can impact that decision.

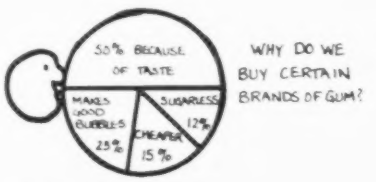
Use the results of the survey to construct a graph for each category of products (cereal, gum, jeans and athletic shoes). Compile tallies for the reasons each product was purchased and then graph the information. If possible, use a different kind of graph for each product. You can do this as a whole class project, or, if students have experience in graphing, divide them into four small groups and have each group make four different graphs.

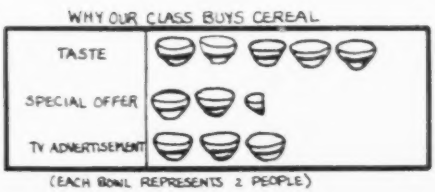
If your students have not worked with percentages, you can still have them construct circle graphs. Divide the circle into equal sections — as many sections as you have responses for this graph. Have students physically group themselves according to the reason they gave for purchasing that product. Give each group a different colored crayon or marker. Each student then colors in one section of the circle making sure that every member of each group colors adjacent sections. Whether doing this as a whole class project or

in groups, use the graphs for an attractive bulletin board display.

Remember that emphasis in this activity is on the *reasons* for purchasing a particular product, rather than on which brand names were chosen.

Instruct the students to review all the reasons they gave for purchasing the products. Ask them, "Of the reasons given, which were directly influenced (brought about) by the producer? (Toy in cereal box, reduced price, better quality, etc) Which were *not* directly influenced by the producer? (All the other kids buy it, my mother made the choice for me, etc.)





III. How Do Producers Compete?
decision making • classification

Students can now begin to relate the different ways producers compete with each other. Create a large bulletin board or collage with the title "COMPETITION." Make 5 columns using the following headings: LOWERED PRICE, IMPROVED QUALITY, ADDITIONAL SERVICES, FREE GIFTS, and ADVERTISING TO BUILD IMAGE. Have students look through magazines and newspapers to find ads which fall into each category. Have students arrange the ads under the headings.

Make certain students include examples of producers of *services* as well as products. Banks often compete with gifts, free checking, and lower interest rates on loans. Garages and auto shops sometimes offer additional services or lowered prices. Hotels advertise "getaway week-end" rates. Explain to the students that advertising to build image means convincing consumers that the product will "make you feel better, look better, make you popular, successful etc."

IV. Surveying the Market
language arts • tallying data

Students will learn that producers survey the market to determine which forms of competition will persuade most people to buy a specific product. The first step in this learning process is to do some market research. Conduct a survey to see which methods would work best in your school for the sale of a product.

First, the class needs to determine what kind of product to sell. Cupcakes are easy to make and there is usually a large market for them. However, if the teacher objects to the use of food, another product can be used, such as bookmarks, pencils, stickers.

Once the product has been determined, students randomly distribute surveys which the class has written to other students in the building. A sample survey follows. (Make certain that the survey contains examples of each method used to compete.)

Market Research Survey for Cupcake Sales

Ms. Jones' class will be having a cupcake sale soon. Mark an X next to the ideas below which would cause you to buy *more* cupcakes.

Would you buy more cupcakes . . .

1. if you had a choice in flavors? _____
2. if the top was decorated rather than plain icing? _____
3. if you bought 3 and got one free? _____
4. if you got a free sticker for every 2 cupcakes you bought? _____
5. if they were individually wrapped? _____
6. if they were hand-delivered to your room? _____
7. if you had heard about a special kind of cupcake through advertising? _____
8. if they had your initials in the icing? _____

How many cupcakes could you buy . . .

1. for 50¢ each? ___
2. for 35¢ each? ___
3. for 25¢ each? ___

V. The Great Cupcake Competition
making change • verbal skills • cooperation

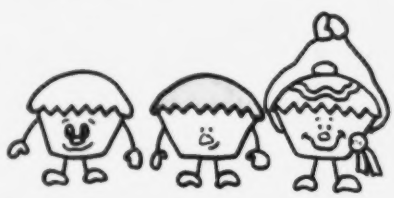
By actually selling a product, students will actively learn about the different methods of competition.

After tallying the results of the survey from Activity IV, the students should determine the top three choices for the best sale of cupcakes. They should also determine the *least* effective method to sell cupcakes as indicated by the survey.

Divide the class into four groups; each group will utilize one of the four competitive methods from the survey (the 3 favored approaches and the one least liked) to sell cupcakes. The competitive methods used would be determined by the market research done.

Hold the cupcake sale at a time which best fits your school's schedule. Each group should have its own table and handle its own money. Cupcakes and other supplies can be purchased from a bakery or can be made as a class project. Either way, costs for ingredients and supplies should be recovered after the sale.

Which competitive method sold the most cupcakes and the quickest? Did the least effective method on the survey sell the least number of cupcakes? If the class had a second cupcake sale, what competitive methods might they use?



Creative Competition

by Nancy Gerardi

Nancy Gerardi is a fifth grade teacher in Columbia, Missouri, where she was named Outstanding Elementary Educator of the Year of Grades Four-Five for 1981-1982. She received a Masters of Instruction degree in Economic Education from the University of Delaware in 1982.

Competition in the Marketplace

In the fifth and sixth grades, children recognize that their families have a variety of alternatives in the local marketplace, such as supermarkets, department stores, and gas stations. They are aware of new businesses that open and often discuss which local business they, or their families, prefer and why. Children may not appreciate that competition not only encourages *them* to do their best, it's also beneficial to companies that compete to gain more customers and greater profits.

The activities that follow take advantage of the enthusiasm fifth and sixth graders have for working in small groups and in pairs. Much of the learning will take place as they creatively plan and organize their skits and collages. The result will be a broader understanding of the concept of competition and how it exists in businesses within their own community.

Student Goals

1. Recognize that competition encourages people and businesses to do their best.
2. Understand that competition benefits consumers by keeping prices relatively low and quality high, and offering consumers more alternatives.
3. Recognize that businesses compete in a variety of ways.
4. Identify markets in their community which are competitive and learn how this competition benefits them.

Teaching Activities

I. The Competitive Force

vocabulary • discussion • analysis

In this activity, students will recall instances in which they were competitive and analyze how this helped them do their best.

1. Discuss times in which the students found themselves in a competitive activity.

2. Ask children to recall if they ever played games in class or competed with other students?

3. Ask them to think of times when they felt they did their best at a sport or an event. Was it during a game or when they entered a contest? Many students will know others who have entered poster or essay contests or who have entered projects in 4-H, Scouts or other club competitions.

4. Analyze what it is about competition that challenges people to try harder, practice more, or invest more time and energy in order to do their best.

II. Ballpoint Pen Producers

history • critical thinking • research

This activity will introduce students to the idea that competition helps people develop new products and helps keep prices down.

1. Discuss what types of pens were used before ballpoint pens. (Arrange for a display sample of older types of pens if possible.)

2. Tell the students that in 1945, Milton Reynolds began producing ballpoint pens. Each pen sold for $12.50. His profits in the beginning were as much as $500,000 per month. By the end of 1946 there were about 100 manufacturers of ballpoint pens. Why? (High prices attract other producers). The price of a pen went as low as 39¢. Use the following questions to elicit a class discussion:

a. When Reynolds started manufacturing pens in 1945, why was he able to make huge profits? (Reynolds was the only producer of pens; he had no competition; people wanted them.)

b. Why did other firms begin producing ballpoint pens in 1945? (Other firms realized there was a demand for ballpoint pens and saw the possibility of making big profits.)

c. Why did the price of the ballpoint pen fall dramatically? (A greater variety and supply of pens were available to consumers; producers dropped prices to attract customers; production became more efficient, less costly.)

d. How did consumers benefit from this competition? (Producers had to make high quality pens to remain competitive; prices fell; more styles/types of pens available.)

3. Have students try to think of other new products that later experienced competition, resulting in lower prices and/or greater variety for the consumer. Some examples students could relate to are: Apple personal computers, color T.V.'s, calculators, Video casette recorders.

4. Have some students research these and similar products to find out the original manufacturer of the

product, the approximate original price, the names of competitors and the approximate price today. Have other students make a chart to illustrate their findings.

Original Product	Original Price	Competitors	Today's Price
_____	$_____	_____ _____	$_____
_____	$_____	_____ _____	$_____
_____	$_____	_____ _____	$_____

III. Fast Food Facts

creative thinking • research • dramatics

Students will become aware that competition takes many forms with this activity.

1. Tell the children a short story: "One hot summer day a group of neighborhood friends opened a lemonade stand. Their business was doing so well that the next week four new stands opened on four different corners, all competing for business." Why? If you were the owner of one of the stands would you compete to gain a bigger share of the business?

2. List responses on the board. Responses should be at least a partial list of ways that businesses compete. (Advertise, add new product lines, improve quality, lower prices, give free gifts, provide services/delivery). Tell them they have just listed some of the different ways that businesses compete for a greater share of the market.

Fast Food Chain: Wendy's			
Product	Price	Size	Giveaways

Slogans	Cooking Methods	Specials

3. We have a similar situation with fast-food hamburger stands. "How many of you think that McDonalds, Wendy's, Burger King, Hardies, etc. are pretty much the same.? Do you have a favorite?" Poll the class to see which operation is the favorite. Discuss reasons for their preferences. Even though each of these operations may be viewed differently, they are really substitutes for each other. They each produce similar products. (Discuss similarities.) Each tries to capture a larger share of the market by differentiating their products through advertising, offering special combinations, free gifts, etc.

4. Divide the class into groups. Each group should research one of the fast-food operations. Fill in a research chart providing information on four or five food items which are common to all.

5. Each group should prepare an original TV commercial skit for their franchise. (Discuss commercials they think are clever, such as "Where's the Beef?" They should try to collect or make items to use in their skits. (Hats, cups, aprons, etc.) They will be evaluated on how well they show the many ways their business tries to *differentiate their product* to gain a larger share of the market. Students should use their research charts to help them. Follow-up with a field trip to a fast-food restaurant.

IV. Competition Collages

newspaper use • discussion • art

Students will analyze which types of businesses are competitive in their community, why they are competitive, and how consumers benefit from competition.

1. Assemble a collection of newspapers. (Have one complete newspaper for every two students.)

2. Instruct students to look through newspapers in pairs with the task of looking for different types of businesses that are competing with advertisements.

3. List on the board the different markets they find, and list the names of companies supplying similar products/services: real estate, grocery stores, pizza parlors, department stores, car dealerships, furniture stores.

4. Use the following questions for discussion:

a. How does a community benefit from this competition? (more alternatives within each market, lower prices, higher quality, expands the job market)

b. Why are these markets competitive in *our* particular community? (Example: college community — pizza parlors)

c. Do you find any evidence or are you aware of any of these types of businesses that have failed? Why do you think they failed?

5. Assign one market to each pair of students. Have each pair of students use the newspaper clippings to make a collage representing one of the competitive markets in their community. Cut out words and pictures to show how the different businesses compete and glue them to a background shape that is integrated into the message. (For example: Real estate on a large house shape.) Be sure students include "Going out of Business" news in their collage. Display collages on a bulletin board.

(continued from page 3)

COSTS AND BENEFITS OF COMPETITION

We generally accept the fact that competition is to our collective advantage. When there are many sellers of the same product, for example, each is encouraged to keep prices low and quality high. On the other hand, we sometimes hear about cut-throat competition. Price wars can drive firms out of business and cost people their jobs. Locally, the gas stations in a particular neighborhood may drop their prices to win new business or offer new services such as a free car wash. Internationally, a price struggle is underway between world producers of steel. For the people who manage businesses or work in the marketplace, competition is a relentless adversary.

Nonetheless, most economists agree that competition provides the dynamic force that keeps our economy changing to meet new demands. The importance of competition in our economy highlights the role of government to pass laws and establish regulations that will prevent firms from joining together into monopolies or working to control prices. Young citizens need to understand the long-term benefits of competition for our economic system and how to make informed decisions about where competition is necessary and where it is not.

COOPERATION AND COMPETITION

A final word is necessary before you begin to teach about competition. One might be tempted to teach children that its a "dog-eat-dog world" out there and we have to know how to compete to survive. That, of course, is only partly true. In fact, most of our activities are of a noncompetitive nature. In business, for example, most competition is between firms, not individuals. Rarely do individuals compete head-to-head with each other. More often, individuals need to learn how to cooperate with small groups in order to achieve a common goal like developing a new product line or finding the breakthrough necessary to produce more of a product at less cost. Young people should develop skills in working toward shared goals as well as understanding the important role competition plays in our economy.

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Striving for Excellence Winners *(continued from page 2)*

Boston Red Sox pitcher, Bob Stanley, presented a silver medal to Michael Suvajac, a student from Kearny, New Jersey, for outstanding achievement in athletics. Michael, who is blind, trains regularly and competes as a runner.

Jennifer Naegele of Spanaway, Washington is shown here with her parents before receiving a bronze medal for excellence in academics at a ceremony attended by the Bethel School District Board of Directors.

In Mentor, Ohio, Austin Carr, a fifth grade student of the Garfield Elementary School, was presented a bronze medal for excellence in the arts at a ceremony held during a Board of Education meeting.